



SECURITY BENEFIT

A Closer Look at the Morgan Stanley Dynamic Allocation Index

Key Features

- ✓ The Morgan Stanley Dynamic Allocation (MSDA) Index consists of four major asset classes of U.S.-listed Exchange Traded Funds (ETFs) and an index, representing Equities, Short-term Treasuries, Bonds and Alternatives.
 - ✓ Maximum allocation limits apply so that no single sub-asset class except Short-term Treasuries and cash can represent 100% of the index exposure. Having a diverse range of asset classes that make up the index may help achieve more stable and less correlated returns than single asset indices.
 - ✓ Four times a month, around one-quarter of the index exposure is rebalanced, resulting in an index that potentially could experience fewer high and low swings relative to an index that rebalances less frequently.
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Before further exploring the MSDA Index, understanding how a fixed index annuity (FIA) provides value and why indexes are used in an FIA are important concepts that will help you make an informed decision.

How a Fixed Index Annuity Provides Value

A fixed index annuity offers the best features of a traditional fixed annuity — a guarantee of purchase payments and tax deferral — combined with the opportunity to increase the value of your retirement savings by offering one or more interest crediting options based on an index.

By employing an index as an interest crediting option, a fixed index annuity has the potential to credit interest when the index goes up; however, if the index goes down, your purchase payments and previously credited interest are locked in and will not decline, and you will not receive additional interest.

Unlike other savings vehicles where the account balance may decline due to market performance, purchase payments and previously credited interest in a fixed index annuity are guaranteed to never go down due to market downturns

Why Use an Index?

An index is a way to measure the performance of a select group of financial assets as a benchmark to determine interest crediting.

A fixed index annuity increases in value by crediting interest based on a formula that links to a market index, without the risk of direct participation in those markets. Using an index in a fixed index annuity allows for interest to be credited based on a diversified strategy that is linked to the market or markets represented in that index and its potential gains, without being subjected to the potential downturns of the market.

Typically, most fixed index annuities offer a simple fixed rate and stock or bond market-linked index options. In addition to more traditional index options, Security Benefit has partnered with one of the most respected names in the financial services industry to offer a new index and crediting option, the Morgan Stanley Dynamic Allocation Index Account based on the Morgan Stanley Dynamic Allocation Index.

What is the MSDA Index?

The Morgan Stanley Dynamic Allocation (MSDA) Index is a rules-based strategy that consists of four distinct asset classes (Equities, Short-term Treasuries, Bonds and Alternatives) which are, in turn, made up of various sub-asset classes.

Each sub-asset class dynamically adjusts its weight four times a month, and each asset class has established maximum allocation limits, which may help to minimize the impact any single asset class can have on the overall index. (See chart below.)

The goal of the MSDA Index is to attempt to deliver the maximum returns for a given level of risk by determining the optimal weightings of each of the four asset classes and individual sub-asset classes that make up the index.

Asset Class with Maximum Allocation	Sub-Asset Class	Maximum Sub-Asset Class Allocation
Equities 100%	Developed Market Equities	50%
	Emerging Market Equities	
	U.S. Equities	50%
		
Short-Term Treasuries 100%	Short-Term Treasury	100%
Bonds 75%	20+ Year Treasuries	35%
	High-Yield Bonds	20%
	Investment Grade Corporate Bonds	15%
	Emerging Markets Bonds	5%
	Investment Grade Bonds	5%
	7- to 10-Year Treasuries	5%
Alternatives 50%	Gold	25%
	Real Estate	25%

MSDA Index Methodology

The MSDA Index seeks to deliver maximum returns for the index through a series of rebalancings and allocations between the sub-asset classes.

The MSDA seeks to determine the optimal asset mix by analyzing historical returns and volatility and the historical correlation between each pair of sub-asset classes. Four times a month, approximately one-quarter of the overall index exposure is rebalanced, based on the established index methodology. The MSDA seeks to control the impact of the volatility of the prices of the ETFs that comprise the MSDA Index by adjusting the index exposure to the optimal asset mix.

On each rebalancing selection date, the index methodology is applied to determine the asset mix that had the maximum historical return with 5% annualized volatility during the prior 63-trading-day period. Over the next five-trading-day rebalancing period, the weight of each sub-asset class is adjusted from its prior level, and the new asset allocation is gradually established.

The Index Methodology also applies pre-defined maximum allocation limits to both the asset classes and sub-asset classes. Once the optimal asset mix is determined, a daily volatility control calculation is completed to adjust the allocation between the optimal asset mix and cash in order to achieve the volatility target of 5% for the MSDA Index.

While the Index has a volatility target of 5%, there can be no guarantee, even if allocations occur daily, that the realized volatility of the Index will not be less than or greater than 5%.

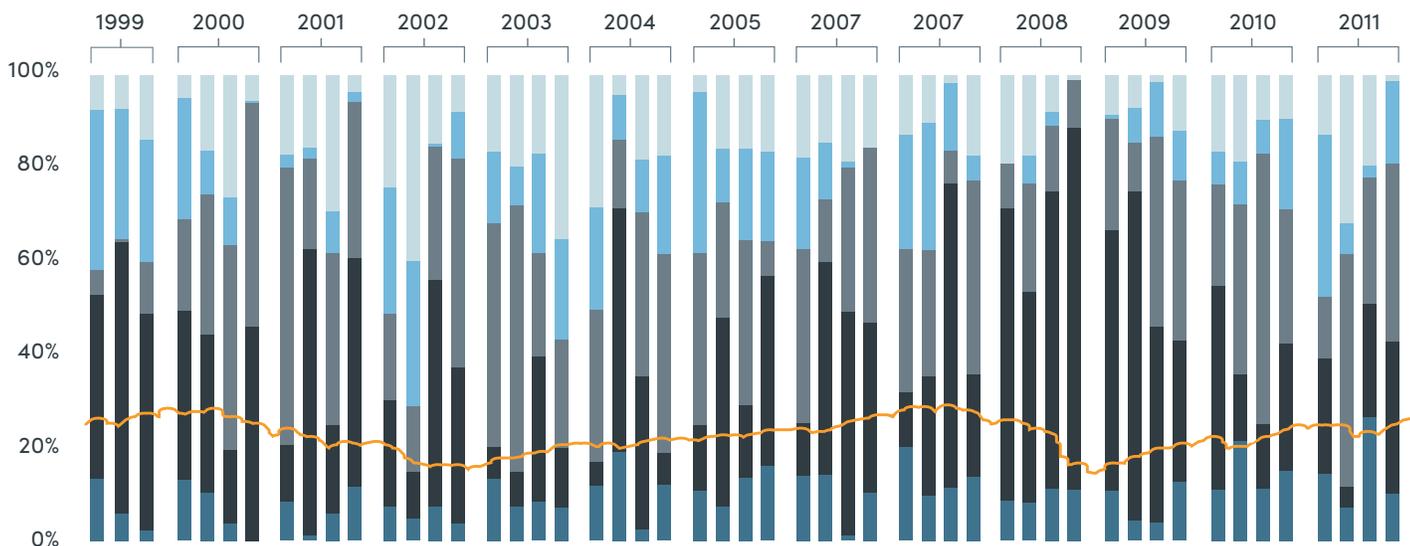
The Index is calculated on an excess return basis over an equivalent cash investment, which means that the Index level reflects the deduction of the Federal Funds interest rate that would apply to such a cash investment. The Index also reinvests dividends. In addition, there are risks associated with this Index. The Index may decline due to a number of factors, the Index has embedded costs, and there are other risks. For further discussion of these risks, please see the “Risk Factors” section on the back cover.

Key Terms

Feature	Description
Volatility	The amount of price variation. High volatility means the price moves up and down in wide ranges over a short period of time. Low volatility means that the price does not change dramatically, but change happens at a more gradual pace.
Weighting	The adjustment made in order to account for the relative importance of an item in calculations.

Index Allocation Mix Over Time

The chart below shows the average allocation mix between the Index asset classes for the time period shown, as well as an overlay of the historical returns for the S&P 500® over the same time period. The Index dynamically allocates between the asset classes based on the expected maximum potential return for a given level of risk.



Average Asset Allocations for Each Quarter



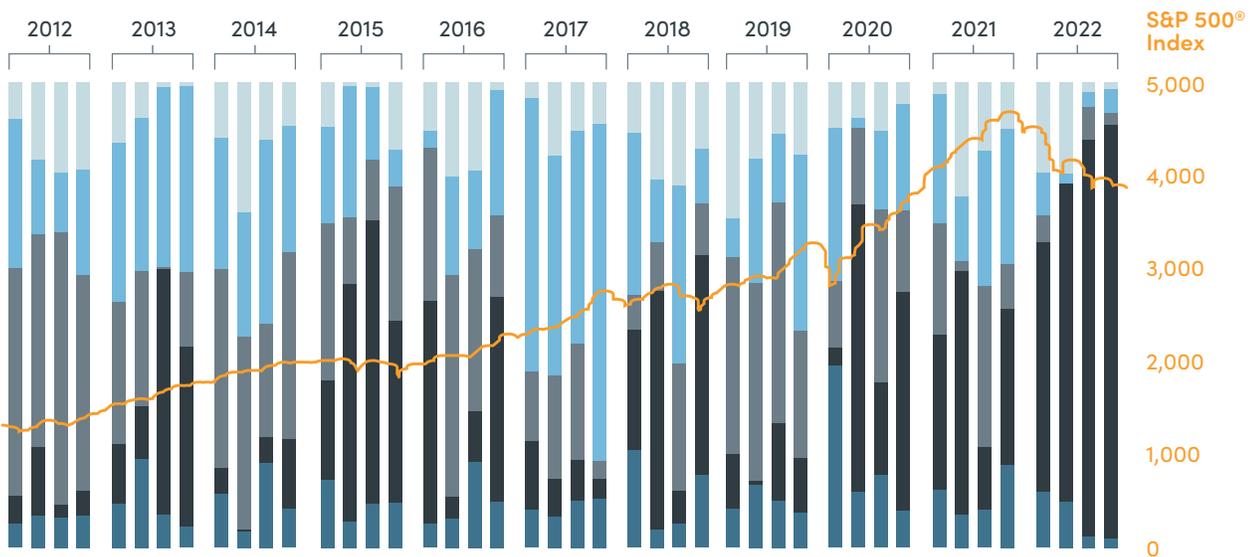
Morgan Stanley: A Pioneer in Global Finance

Since its founding in 1935, Morgan Stanley and its people have helped redefine the meaning of financial services. The firm has continually broken new ground in advising clients on strategic transactions, in pioneering the global expansion of finance and capital markets, and in providing new opportunities for individuals.

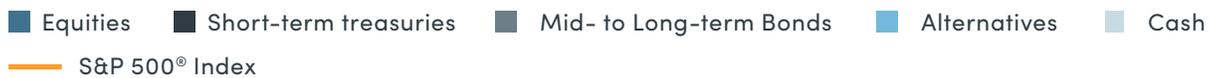
Now, Security Benefit has teamed up with Morgan Stanley to offer an innovative index crediting option in a fixed index annuity.

Who Developed and Owns the Morgan Stanley Dynamic Allocation Index?

The Index was developed by Morgan Stanley & Co. LLC, and is calculated daily by Morgan Stanley & Co. LLC. Daily valuations are available on [FinancialTimes.com](https://www.financialtimes.com) with the ticker symbol MSUSMSDA. For more information about the Morgan Stanley Dynamic Allocation Index, visit [MorganStanley.com/MSDAIndex](https://www.MorganStanley.com/MSDAIndex).



Average Asset Allocations for Each Quarter



Your path *To and Through Retirement*[®] begins here.

Talk to your financial professional to learn more
or contact us at 800.888.2461.

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This brochure is not authorized for distribution unless accompanied by a Security Benefit Life Insurance Company fixed index annuity product brochure in which the Morgan Stanley Dynamic Allocation Index is an index option.

Risk Factors

There are risks associated with this Index:

- The Index may not increase in value due to a number of factors.
- The volatility of the Index could be greater than the target volatility.
- The volatility target may also dampen the performance of the Index in rising markets.
- It is possible that the Index may be composed of a very small number of ETFs at any time.
- The Index involves risks associated with emerging markets equities, currency exchange rates and precious metals.
- The Index has a limited performance history, and past performance is no indication of future performance.
- The Index is calculated on an excess return basis and has embedded costs.

Note on Simulated Data

Back-testing and other statistical analyses provided herein use simulated analysis and hypothetical circumstances to estimate how the Index may have performed between May 3, 1999, and September 18, 2013, prior to its actual existence. The results obtained from such "back-testing" should not be considered indicative of the actual results that might be obtained from an investment in the Index. The actual performance of the Index may vary significantly from the results obtained from back-testing. Unlike an actual performance record, simulated results are achieved by means of the retroactive application of a back-tested model itself designed with the benefit of hindsight and knowledge of factors that may have possibly affected its performance. Morgan Stanley provides no assurance or guarantee that any product linked to the Index will operate or would have operated in the past in a manner consistent with these materials.

Alternative simulations, techniques, modeling or assumptions might produce significantly different results and prove to be more appropriate. Actual results will vary, perhaps materially, from the simulated returns presented in this document. Because certain ETFs included in the sub-asset classes existed for only a portion of the back-tested period, substitute data has been used for portions of the simulation. Wherever data for one or more ETFs did not exist, the simulation has included the value of each ETF's benchmark index less the relevant current expense ratio.

The annuity that is linked to the performance of the MSDA Index is not sponsored, endorsed, sold or promoted by Morgan Stanley & Co. LLC, or any of its affiliates (collectively, "Morgan Stanley"). Neither Morgan Stanley nor any other party (including without limitation any calculation agents or data providers) makes any representation or warranty, express or implied, regarding the advisability of purchasing this product. The Morgan Stanley Dynamic Allocation Index (the "Index") is the exclusive property of Morgan Stanley. Morgan Stanley and the Index are service marks of Morgan Stanley and have been licensed for use for certain purposes by Security Benefit Life Insurance Company. Neither Morgan Stanley nor any other party has or will have any obligation or liability to owners of this product in connection with the administration or marketing of this product, and neither Morgan Stanley nor any other party guarantees the accuracy and/or the completeness of the Index or any data included therein.

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In calculating the performance of the Index, Morgan Stanley deducts on a daily basis a servicing cost of 0.50% per annum. This reduces the potential positive change in the Index and thus the amount of interest that will be credited to a fixed index annuity that is allocated to the Index. The volatility control calculation applied by Morgan Stanley may reduce the potential positive change in the Index and thus the amount of interest that will be credited to a fixed index annuity that is allocated to the Index. In addition, because the volatility control calculation is expected to reduce the overall volatility of the Index, it will also reduce the cost to Security Benefit Life Insurance Company of hedging its interest crediting risk for fixed index annuities with the Index as a crediting option.